

# Memo

To: Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, D.C. 20551

From: Tim Daigle

Date: 2-22-2011

Re: Docket No. R—1404 and RIN No. 7100 AD63

Dear Ms. Johnson:

I am a branch manager and loan officer for the North East Credit Union in Jefferson Texas. We were recently informed of the Federal Reserve proposes changes to Regulation E (Electronic Funds Transfer Act) as required under the Dodd Frank Act. I am deeply concerned with the consequences of this proposal.

I would like to see the Fed postpone any implementation action until further research is done on the effects of the changes. The exemption for credit unions under \$10 billion is ineffective without enforcement to offer a two-tier debt transaction interstate rate system. Even with the two-tier system merchants would have the ability to steer card processing to payment network of their choice.

The 12 cent fee structure is too low and the proposed cap fee does not consider fraud prevention and data security cost. Credit Unions will lose income and be forced to find alternative means to replace lost revenue at the expense of the members.

Alternative A would be a preferred method of routing. The use of debt cards that can be used over two unaffiliated networks, such as a pin based and unaffiliated signature network would be the fairest solution. Please help to prevent the burden Alternative B would create.

Sincerely,

Tim Daigle  
Branch Manager/Loan Officer  
North East Texas Credit Union

903-665-8998  
tdaigle@thenetcu.com